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C O N F I D E N T I A L LA PAZ 000722

SIPDIS

STATE FOR WHA A/S SHANNON, DAS BILL MCGLYNN
NSC FOR DAN RESTREPO
USAID FOR A/ADMINISTRATOR DEBBIE KENNEDY

E.O. 12958: DECL: 05/19/2019
TAGS: [SNAR](#) [PGOV](#) [PREL](#) [EAID](#) [ASEC](#) [PTER](#) [BL](#)
SUBJECT: SCENE SETTER FOR A/S SHANNON VISIT

Classified By: Charge d'Affaires Kris Urs for reasons 1.4 (b, d)

¶1. (C) Welcome to La Paz! Your visit comes at a critical moment in U.S./Bolivian relations. In the past year, bilateral relations sank to their lowest point in decades, largely as a result of unprovoked Government of Bolivia rhetoric and action. Events over the past twelve months include a march on the U.S. Chancery compound by some 70,000 pro-Government of Bolivia demonstrators, the expulsion of USAID from the Chapare (one of Bolivia's two major drug producing areas), the expulsion of first the U.S. Ambassador in La Paz and then the Bolivian Ambassador in Washington, the expulsion of 38 DEA agents and other personnel from Bolivia, drug decertification and suspension of Andean Trade Preference and Drug Enforcement Act (ATPDEA) trade benefits for Bolivia, and the expulsion of a second secretary at the U.S. Embassy in La Paz on espionage charges.

An Opportunity

¶2. (C) There are emerging signs that the worst may be coming to an end. Since the election of President Barack Obama, the GOB's anti-American rhetoric has softened and the GOB has made a number of approaches to the U.S. Government seeking better relations. These include: a) two congratulatory letters sent by President Morales to President Obama, b) a congratulatory letter sent by Foreign Minister Choquehuanca to Secretary of State Clinton, c) an approach by Bolivian Charge d'Affaires to the United Nations Pablo Solon to Assistant Secretary Shannon, d) approaches made to the Embassy on behalf of Foreign Minister Choquehuanca by the President of the National Assembly (a MAS politician) and the President of the Foreign Relations Committee of the National Assembly (a MNR politician) seeking better ties, and e) a successful meeting between Foreign Minister Choquehuanca and Secretary of State Clinton on the margins of the April 17-19 Summit of the Americas in Trinidad and Tobago. Foreign Minister Choquehuanca has repeatedly publicly stated that the GOB seeks better relations with the United States Government; however, President Morales and other senior GOB officials

continue intermittently to spout anti-American rhetoric. Overall, however, the tone appears to have softened.

Why the Change?

13. (C) There are many possible reasons for the GOB,s professed desire to improve ties. President Morales and his advisors may feel that they have gone too far in attacking the U.S. Government and wish to reposition themselves prior to December 6, 2009 presidential elections, with an eye toward regaining middle class voters. Suspension of ATPDEA benefits is substantially affecting employment in El Alto; the government has been hearing from its supporters in the city who want it to do all it can to regain benefits. There are signs President Morales is becoming increasingly anxious about drug cartel activity in Bolivia; while we do not believe that President Morales will ever accept the DEA back into the country, there appears to be a recognition on his part that he has to do something to deal with the drug problem. He may believe that he is more likely to get European help if the government brings about a rapprochement with the U.S. Government.

14. (C) But we believe the most compelling reason for the change of tone is simply President Obama,s popularity in the region and in Bolivia. A key component of the GOB,s political strategy during its first three years in power was to bash President Bush and the United States, accusing the U.S. of interfering in Bolivian internal politics, conspiring against Morales and planning his assassination. These accusations, outlandish as they were, boosted Morales' political standing among his base, in part because of President Bush,s low ratings. This strategy is no longer viable now that President Obama is in office. President Obama,s ratings are high and the U.S. Government is taking steps to end many of the unpopular policies pursued by the former administration. In this context, bashing the United States is not a winning political strategy.

But How Durable?

15. (C) Ultimately, however, it is not clear whether the change in tone on the part of the GOB will be durable. In his nearly 20 years in public life, President Morales has made attacking the United States a staple of his political discourse, first as a cocalero leader in the Chapare, then as a member of the Chamber of Deputies, and finally as President. Morales has not heretofore demonstrated a large amount of flexibility or creativity in his political discourse; he is a bit of a &one note Johnny.⁸ At the present, with a divided opposition and widespread popular support, Morales is in a strong position and feels he can politically afford some accommodation with the United States.

As we move closer to December 2009 elections, however, the President may return to U.S. bashing as a way to boost his political support.

Strong Anti American Faction

16. (C) Despite the incipient rapprochement, there remain officials in the GOB who remain deeply anti-American and whom we believe are opposed to improved relations. Presidency Minister Quintana and Government Minister Rada lead the list.

It was recently announced that a group of Iranian legislators will visit Bolivia starting May 18; we do not believe that the timing is coincidental, and we suspect Quintana had something to do with the visit. Recently, there have been a spate of public attacks against USAID, including a move to throw USAID out of the city of El Alto; there are signs that Quintana is involved. Quintana and Rada have prevailed in the past over the Foreign Ministry when it has come to relations with the United States.

Cuba, Venezuela and Iran

¶7. (C) Cuba, Venezuela, and Iran are increasingly influential here in La Paz and throughout Bolivia. These countries will not welcome any rapprochement in U.S./Bolivian relations. President Morales relies heavily on the advice of Hugo Chavez, speaking with him frequently.

Key Points of Contention) Drugs and Democracy

¶8. (C) Two key substantive points of contention in the U.S./Bolivian relationship are drugs and democracy. Overcoming these issues will be very difficult.

¶9. (C) Drugs: Since November 2008, when he expelled the DEA "on a personal decision," President Morales has repeatedly (and without proof) accused the DEA of performing "covert political operations," of plotting against him, and of knowing about and/or assisting in narcotrafficking. While we remain committed to working with the government in the fight against drugs despite these setbacks, the expulsion of DEA has severely hampered the government's ability to investigate drug activity. There is simply no domestic or international group capable of replacing DEA's expertise, despite the government's public calls for increased partnerships with South American and/or European nations (which have not born fruit). Anecdotal evidence, including recent discovery of "mega-labs" in the dense jungle region of the Chapare, points to the arrival of Mexican and Colombian cartels. Although the situation could rapidly worsen, Morales appears set against allowing the DEA's return. The government desires that any anti-drug activity be led by Bolivian forces. At the same time, the Morales regime's coca policy, with its emphasis on "social control" enforced by the coca syndicates themselves, has been a failure. Coca cultivation has increased steadily since Morales took office, with a concomitant rise in cocaine production. We have been told frankly by the Vice Foreign Minister that the cocaleros run the GOB's coca policy. While the GOB does not want to be characterized as a "narco-state," given its current pro-coca policies and the lack of a viable intelligence gathering alternative to the DEA, it is clear the narcotics problem will only deteriorate, which will in turn pose a serious irritant to the relationship.

¶10. (C) Democracy: President Morales and his Movement Toward Socialism (MAS) party have grown increasingly authoritarian in nature since December 2005 elections. The opposition claims the MAS is behind a systematic dismantling of the judiciary branch; the country's Supreme Court, Constitutional Tribunal, and Judicial Council all currently lack a quorum, leaving them effectively defunct and unable to rule on the legality of MAS actions. The MAS has surrounded or threatened to surround the Congress to force favorable votes several times (including one march led personally by Morales), and MAS leadership has called for the closure of Congress and rule by supreme decree. MAS-related social groups have engaged in mob violence under the pretext of "communitarian justice" to repress dissent, including the invasion of former Vice President Victor Hugo Cardenas' home, the beating of former Congress Representative Marlene Paredes, and the public whipping of former indigenous leader Marcial Fabricano. Although Morales has won several referenda with over 50 or even 60 percent of the vote, the opposition points to a campaign of fraud, intimidation, and bribery in MAS strongholds to ensure high voter turnout. This steady erosion of democratic practices and institutions under the Morales regime shows no sign of abating and is likely to prove a serious irritant to the bilateral relationship.

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